



U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

James L. Oberstar
Chairman

John L. Mica
Ranking Republican Member

David Heymsfeld, Chief of Staff
Ward W. McCarragher, Chief Counsel

James W. Coon II, Republican Chief of Staff

April 27, 2009

SUMMARY OF SUBJECT MATTER

TO: Members of the Committee on Transportation and Infrastructure

FROM: Committee on Transportation and Infrastructure Staff

SUBJECT: Hearing on "Recovery Act: 10-Week Progress Report for Transportation and Infrastructure Programs"

PURPOSE OF HEARING

On Wednesday, April 29, 2009, at 11:00 a.m., in room 2167 Rayburn House Office Building, the Committee on Transportation and Infrastructure will hold a hearing to examine progress to date on implementing the American Recovery and Reinvestment Act. The hearing will address implementation efforts in programs across the Committee's jurisdiction, including highways, bridges, public transportation, rail, aviation, waterways, flood control, water resource development, wastewater treatment facilities, hazardous waste clean-ups, economic development, and Federal buildings.

BACKGROUND

State of the Economy

In 2009, the employment situation has continued to worsen. According to the Bureau of Labor Statistics (BLS), as of March 2009,¹ there are 13.2 million unemployed persons in the United States, for all sectors of the economy combined. In addition, when part-time and discouraged workers who want full-time jobs are included, the number of unemployed/under-employed workers increases to 24.3 million.

The unemployment rate in March 2009 was 8.5 percent – the highest it has been in 25 years.

¹ The latest month for which data is available.

When part-time and discouraged workers who want full-time jobs are included, the unemployment rate is 15.8 percent.

The National Bureau of Economic Research has determined that the current recession began in December 2007. At 16 months and counting, the current recession is already longer than the two most recent recessions the nation experienced in 1990-91 and 2001, each of which lasted eight months. Therefore, if Bureau determines that the nation remains in recession in April, which is expected, the current recession will be the longest since the Great Depression. From the start of the recession in December 2007 through March 2009, the number of unemployed persons has increased by 5.6 million.

The construction sector has been particularly hard-hit. It has lost 1,050,000 jobs since the recession began in December 2007. The unemployment rate in construction was 21.1 percent in March 2009 – up 9.1 points since March 2008. This is the highest unemployment rate of any industrial sector. As of March 2009, there are 1,979,000 unemployed construction workers in the nation – that is 809,000 more unemployed construction workers than in March 2008, and 1,055,000 more than in March 2007.

Within the overall construction sector, seasonally adjusted employment in heavy and civil engineering construction² has fallen by 96,100 since the recession began in December 2007. Heavy and civil engineering construction employment is now the lowest it has been since September 2004.

Moreover, after workers have lost their jobs, they are having more trouble finding new jobs. As of March 2009, the average length of unemployment is 20.1 weeks, compared to 16.5 weeks in December 2007 at the start of the recession. The number of workers who have been unemployed for longer than six months is now 3.2 million, compared to 1.3 million in December 2007. One-half of the unemployed have been out of work for more than 11 weeks and nearly one in four has been out of work for more than six months.

With this urgent need for jobs as the backdrop, Federal agencies, State and local governments, business, and labor are working to implement the Recovery Act, to create jobs now and, at the same time, address long-term infrastructure investment needs.

² This term includes highway, street, and bridge construction; utility system construction; land subdivision construction; and other heavy and civil engineering construction.

Recovery Act

On February 17, 2009, the American Recovery and Reinvestment Act of 2009 (P.L. 111-5) ("Recovery Act") was signed into law. The Recovery Act provides \$64.1 billion of infrastructure investment for programs within the jurisdiction of the Committee on Transportation and Infrastructure, including:

- \$27.5 billion for highways and bridges;
- \$8.4 billion for transit;
- \$9.3 billion for passenger rail;
- \$1.5 billion for competitive surface transportation grants;
- \$1.3 billion for aviation;
- \$5.26 billion for environmental infrastructure;
- \$4.6 billion for the Army Corps of Engineers;
- \$5.575 billion for Federal buildings;
- \$150 million for the Economic Development Administration;
- \$210 million for Firefighter Assistance Grants;
- \$240 million for Coast Guard facilities and bridge alterations; and
- \$100 million for Maritime Administration Small Shipyard Grants.

I. Implementation Highlights

Implementation highlights as of April 17, 2009, are summarized below. For additional information, see the attached report entitled *The American Recovery and Reinvestment Act of 2009, Transportation and Infrastructure Provisions Implementation Status as of April 17, 2009*.

- A. As of April 17, 2009, the U.S. Department of Transportation (DOT) had announced \$44.8 billion in Recovery Act funding of a total \$48.1 billion provided under the Recovery Act.
- B. Of the \$27.5 billion provided for highways and bridges, 48 States and Territories have submitted and received approval for 2,163 projects totaling \$6.7 billion, nearly 25 percent of the Recovery Act highway funds.
- C. Of the \$6.8 billion apportioned for the Transit Capital Assistance program, the Federal Transit Administration has awarded five projects totaling \$48.6 million, and another 109 grants (totaling \$1.47 billion) are now pending review by the U.S. Department of Labor (DOL). Grants awarded using Recovery Act funds to urbanized areas must be certified by DOL, and the process can require up to 60 days.
- D. The Federal Railroad Administration (FRA) has approved 52 Amtrak capital improvement projects, totaling \$938 million.
- E. On April 16, 2009, FRA announced its strategic plan for distributing \$8 billion in high-speed rail and intercity passenger rail grant funds.

- F. The Federal Aviation Administration (FAA) has announced more than \$1 billion in tentative allocations of funding for specific Recovery Act airport projects, including runway, taxiway, apron, and terminal improvements. A tentative allocation of funding allows the airport sponsor to solicit bids for construction. Sponsors then submit their grant applications to the FAA based on the bids received. Only after a grant application is approved will FAA obligate the funds. Therefore, obligations will start showing up in substantial amounts by mid-May, after completion of the bid solicitation and grant award process. As of April 17, the FAA had obligated \$7.3 million for airport improvement projects.
- G. The General Services Administration released a plan detailing how the agency plans to invest the \$5.55 billion provided by the Recovery Act, which includes \$4.3 billion for the High Performance Green Building Program (43 Full & Partial Building Modernization projects and 192 Limited Scope Building Modernization projects), \$734 million for Federal buildings and courthouses (10 projects), and \$300 billion for Land Port of Entry Construction (7 projects).
- H. On April 15, 2009, the Environmental Protection Agency announced its distribution of \$600 million in new Superfund cleanup funding.
- I. On April 6, 2009, the Natural Resources Conservation Service (NRCS) announced the distribution of \$45 million in Recovery Act funds under its Watershed Rehabilitation Program. On April 16, 2009, NRCS announced the distribution of \$85 million in Recovery Act funds for watershed operations.
- J. On April 22, 2009, the Economic Development Administration released its Recovery Act spending plan detailing how it will allocate the \$150 million in Recovery Act funds among its six regions.
- K. As of April 20, 2009, the deadline to apply for the \$100 million provided by the Recovery Act for Small Shipyard Grants, more than 400 grant applications had been received by the Maritime Administration.

II. Transparency and Accountability

The Recovery Act requires States and other direct recipients of Recovery Act funds to make specific certifications about their use of such funds. As of April 24, 2009, all 50 States, the District of Columbia, and the five Territories had certified that they will maintain their efforts with regard to State funding of transportation projects.³ All 50 States, the District of Columbia, and the five Territories have also certified that they will request and use all funds provided by the Recovery Act, including but not limited to funds for transportation projects, and the funds will be used to create jobs and promote economic growth. Finally, States and Territories have certified that infrastructure investments funded by the Recovery Act had received the full review and vetting required by law and that the chief executive accepts responsibility that the infrastructure investment is an

³ According to GAO, some States have submitted certifications with conditions attached, e.g., making their certifications subject to certain future legislative action or revenues. DOT has informed Governors that the Recovery Act does not authorize the use of conditional or qualified certifications, and has given States the opportunity to amend their maintenance-of-effort certifications by May 22, 2009.

appropriate use of taxpayer dollars.

In addition to the certification and reporting requirements contained in the Recovery Act, on February 27, 2009, the Committee on Transportation and Infrastructure requested that certain grant recipients report information directly to the Committee to ensure that Federal agencies, States, metropolitan planning organizations, public transit agencies, and other grant recipients use Recovery Act funds to finance infrastructure investments that create and sustain jobs and contribute to our nation's long-term economic growth.

The Committee sent 468 letters to States, the District of Columbia, Territories, metropolitan planning organizations, and public transit agencies to request information on the recipients' use of Recovery Act funds for highways, bridges, public transit, clean water, and other infrastructure projects under the Committee's jurisdiction. On April 3, 2009, all 50 States, the District of Columbia, metropolitan planning organizations, and public transit agencies responded to the Committee's request for information.

According to the information received, as of March 31, 2009, just 42 days after President Obama signed the Recovery Act, work had begun on 263 highway and transit projects in 30 states. These projects total \$1.1 billion and have put more than 1,250 workers back on the job. Another 101 projects worth \$100 million are under contract. A total of 1,380 highway and transit projects in 47 States and the District of Columbia, totaling \$6.4 billion, had been put out to bid by that date.

The Committee will require States, metropolitan planning organizations, public transit agencies, and other grant recipients to report regularly to the Committee regarding implementation of the Recovery Act.

For additional state by state information, see the attached table entitled *T&I Committee Transparency and Accountability Information by State and Formula Funding under, the American Recovery and Reinvestment Act of 2009 (P.L. 111-5) ("Recovery Act") Submissions Received by T&I Committee (Data Reported as of March 31, 2009)*.

WITNESSES

PANEL I

The Honorable Ray H. LaHood

Secretary

U.S. Department of Transportation

The Honorable Lisa P. Jackson

Administrator

U.S. Environmental Protection Agency

PANEL II

Mr. Terrence C. Salt

Principal Deputy Assistant Sec. of the Army (Civil Works)

U.S. Army Corps of Engineers

Mr. Paul F. Prouty

Acting Administrator

General Services Administration

Mr. Donald A. Stadtler, Jr.

Chief Financial Officer

Amtrak

Mr. Dennis Alvord

Acting Deputy Assistant Secretary of Commerce for Economic Development

PANEL III

The Honorable Calvin L. Scovel III

Inspector General

U.S. Department of Transportation

Ms. Katherine A. Siggerud

Managing Director, Physical Infrastructure Issues

U.S. Government Accountability Office

Ms. Melissa Heist

Assistant Inspector General for Audit

U.S. Environmental Protection Agency

Panel IV

The Honorable Allen D. Biehler, P.E.

Secretary of Transportation

State of Pennsylvania

representing the American Association of State Highway and Transportation Officials

Mr. Matthew J. Millea

President

New York State Environmental Facilities Corporation

representing the Association of State and Interstate Water Pollution Control Administrators

Mr. J. Barry Barker

Executive Director, Transit Authority of River City (Louisville, KY)

representing the American Public Transportation Association

Mr. Michael Morris

Executive Director

North Central Texas Council of Governments

representing the Association of Metropolitan Planning Organizations